

GLENDAL BUDGET DOCUMENT GLOSSARY

The City of Glendale designed the Annual Budget to offer citizens and staff an understandable and meaningful budget document. This glossary provides assistance to those unfamiliar with budgeting terms and specific terms related to the Glendale financial planning process.

A

ACCRUAL BASIS OF ACCOUNTING:

The most commonly used accounting method, which reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid.

ADOPTION: A formal action taken by the City Council which sets the spending limits for the fiscal year.

APPROPRIATION: An authorization made by the City Council which permits the city to incur obligations and expend resources.

ASSESSED VALUATION: A valuation placed upon real estate or other property by the county assessor and the state as a basis for levying taxes.

B

BALANCED BUDGET: Arizona law (Title 42 Arizona Revised Statutes) requires the City Council to annually adopt a balanced budget by purpose of public expense. The city charter also requires an annual balanced budget. The charter specifically states that “the total amounts in the budget proposed for expenditure shall not exceed the total amounts proposed for expenditure in the published estimates.

BASE BUDGET: Ongoing expenses for personnel, contractual services, and the replacement of supplies and equipment to maintain service levels for each program as authorized by the City Council.

BOND: A municipality will issue this debt instrument and agree to repay the face amount of the bond on the designated maturity date. Bonds are primarily used to finance capital projects.

General Obligation (GO) Bond: This type of bond is secured by the full faith, credit, and taxing power of the municipality.

Revenue Bond: This type of bond is secured by the revenues from a specific source such as gas taxes or water revenues.

C

CAPITAL BUDGET: The appropriation of bonds or operating revenue for improvements to city facilities which may include buildings, streets, water/sewer lines and parks.

CAPITAL IMPROVEMENT PROJECT:

Non-routine capital expenditures that generally cost more than \$50,000 resulting in the purchase of equipment, construction, renovation or acquisition of land, infrastructure and/or buildings with an expected useful life of at least five years. Capital improvement projects are designed to prevent the deterioration of the city's existing infrastructure, and respond to and anticipate the future growth of the city.

CARRYOVER: Year-end savings that can be carried forward to cover any one-time expenses such as supplies, equipment, or special contracts.

D

DEBT RATIO: Total debt divided by total assets. Used by finance and budget staff to assess fiscal health, internal controls, etc.

DEBT SERVICE: Principal and interest payments on outstanding bonds.

DEPRECIATION: The decline in the value of an asset due to general wear and tear or obsolescence.

DEVELOPMENT IMPACT FEE: Fees requiring new development to cover the increased cost to the city of providing new infrastructure when they construct new residential and commercial developments.

E

ENCUMBRANCE: The formal accounting recognition of commitments to expend resources in the future.

ENTERPRISE FUND: Funds that are accounted for in a manner similar to a private business. Enterprise funds are intended to be self-sufficient with all costs supported primarily by user fees. The city maintains three enterprise funds: water/sewer, landfill and sanitation.

EXPENDITURE: Represents a decrease in fund resources.

EXPENDITURE LIMITATION: An amendment to the Arizona State Constitution which limits annual expenditures of all municipalities. The Economic Estimates Commission uses actual payments of local revenues for FY 1980 as the base limit and adjusts annually for population growth and inflation. All municipalities have the option of Home Rule that requires voters to approve a four-year expenditure limit based on revenues received. Glendale citizens have approved

the Home Rule Option since the inception of the expenditure limitation.

F

FISCAL YEAR (FY): The period designated by the city for the beginning and ending of financial transactions. The fiscal year for the City of Glendale begins July 1 and ends June 30.

FULL-TIME EQUIVALENT (FTE): A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be equivalent to a 0.5 FTE (20 hours times 52 weeks divided by 2,080 hours).

FUND: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources.

FUND BALANCE: A balance or carry over that occurs when actual revenues exceed budgeted revenues and/or when actual expenditures are less than budgeted expenditures.

G

GENERAL FUND: Primary operating fund of the city. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, street and right of way maintenance, parks and recreation, planning and economic development, general administration of the city, and any other activity for which a special fund has not been created.

GOAL: A general and timeless statement created with a purpose based on the needs of the community.

GROUP: Administrative groups that consist of a number of departments and divisions that provide services. These groups include Administrative Services, Community Development, Public Works and Public Safety.

I

INFRASTRUCTURE: Facilities that support the continuance and growth of a community. Examples include roads, water lines, sewers, public buildings, parks and airports.

L

LOCAL IMPROVEMENT DISTRICT (LID): LID's are legally designated geographic areas in which a majority of the affected property owners agree to pay for one or more capital improvements through a special assessment.

O

OBJECTIVE: A measurable output that an organization strives to achieve within a designated time frame. The achievement of the objective advances an organization toward a corresponding goal.

OPERATING AND MAINTENANCE (O & M) COSTS: The day-to-day operating and maintenance costs of a municipality. These costs include personnel, gas, electric utility bills, telephone expense, reproduction costs, postage and vehicle maintenance.

OPERATING BUDGET: The day-to-day costs of delivering city services.

P

PAY-AS-YOU-GO (PAYGO) CAPITAL PROJECTS: Capital projects funded by General Fund operating revenues.

PERFORMANCE MEASURES: Measurement of service performance indicators that reflect the amount of money spent on services and the resulting outcomes at a specific level of services provided.

PERMANENT BASE ADJUSTMENT: An adjustment to the expenditure limitation base established by the Economics Estimate Commission (see expenditure limitation) which requires voter approval. The Glendale voters approved a permanent base adjust in the spring of 2000 which became effective with the FY 2003 budget year.

PRODUCTIVITY: A measurement of the increase/decrease of city services output compared to the per unit input cost invested.

PROGRAM: A group of related activities performed by one or more organizational units for the purpose of accomplishing a city responsibility.

PROPERTY TAX: The total property tax levied by a municipality. Arizona's municipal property tax system is divided into a primary and secondary tax rate.

Primary Tax: Arizona statute limits the primary property tax levy amount and municipalities may use this tax for any purpose.

Secondary Rate: Arizona statute does not limit the secondary tax levy amount and municipalities may only use this levy to retire the principal and interest or redemption charges on bond debt.

R

RESOURCES: Total amounts available for appropriation including estimated revenues, fund transfers and beginning fund balances.

REVENUE: Financial resources received from taxes, user charges and other levels of government.

Actual vs. Budgeted: Difference between the amount projected (budgeted) in revenues or expenditures at the beginning of the fiscal year and the actual receipts or expenses which are incurred by the end of the fiscal year.

S

SALARY SAVINGS TRANSFER: A transfer of savings from salary & benefit accounts to non-salary, operational accounts like office supplies, equipment maintenance, etc. Normal employee turnover, retirements and terminations can create salary savings situations.

SECONDARY PROPERTY TAX: A tax levy restricted to the payment of principal and interest on general obligation bonds.

SERVICE LEASE: A lessor maintains and services an asset under a service lease.

SPECIAL REVENUE FUND: A fund that accounts for receipts from revenue sources that have been earmarked for specific activities and related expenditures.

STATE-SHARED REVENUE: Includes the city's portion of state sales tax revenues, state income tax receipts and Motor Vehicle In-Lieu taxes.

SUPPLEMENTAL BUDGET

ALLOWANCE: This allowance provides additional personnel, equipment and related

expenses which enhance the service level of a program. Supplemental increases are directed at attaining council goals or meeting increased service needs.

T

TAX LEVY: The total amount of the general property taxes collected for purposes specified in the Tax Levy Ordinance.

TAX RATE: The amount of tax levied for each \$100 of assessed valuation.

TRANSFER: Movement of resources between two funds. Example: An interfund transfer would include the transfer of operating resources from the General Fund to an Enterprise Fund.

U

USER CHARGES: The payment of a fee in direct receipt of a public service by the party who benefits from the service.

W

WORKLOAD INDICATORS: Statistical information that indicates the demands for services within a given department or division. Workload indicators are a type of performance measure utilized by departments or divisions to assess its level of service.